

**RESOLUTION RELATING TO RURAL SPECIAL
IMPROVEMENT DISTRICT NO. 679 BONDS
CREATING RURAL SPECIAL IMPROVEMENT DISTRICT NO. 679 FUND
AND PRESCRIBING COVENANTS OF THE COUNTY FOR THE SECURITY OF
THE HOLDERS OF THE BONDS**

BE IT RESOLVED by the Board of County Commissioners (the Board) of Yellowstone County, Montana (the County) as follows:

Section 1. Recitals. It is hereby found, determined and declared as follows:

1.01. Resolution of Intention to Create District. By Resolution No. 01-53 adopted June 19, 2001 (the Resolution of Intention), this Board declared its intention to create a Rural Special Improvement District No. 679 (the District), for the purpose of constructing certain improvements (the Improvements) within and for the special benefit of the District. By adoption of the Resolution of Intention, the Board also designated the number of the District, described the boundaries thereof, described the method of assessment of costs of the Improvements, designated the engineer for the District and stated the general character of the Improvements, in accordance with the provisions of Montana Code Annotated, Title 7, Chapter 12, Part 21 as amended. By the Resolution of Intention, this Board also declared its intention to cause the cost and expense of construction and installing the Improvements to be assessed against the properties included within the boundaries of the District, on an equal basis, exclusive of streets, avenues, alleys and public places.

1.02. Notice of Passage of Resolution of Intention. Notice of passage of the Resolution of Intention was given by two publications in the Billings Gazette, a daily newspaper published within the County and by mailing the notice to every person, firm or corporation, or the agent of such person, firm or corporation owning real property within the District, listed in his name upon the last completed assessment roll for state, county and school district taxes at his last known place of residence. The published and mailed notices described the general character of the Improvements, stated the estimated cost of the Improvements, described the method of assessment of costs of the Improvements, designated the time and place where this Board would hear and pass upon all protests made against the construction of the Improvements or the creation of the District, and referred to the Resolution of Intention, as being on file in the office of the Clerk and Recorder, for a description of the boundaries of the District.

1.03. Creation of the District. At the time and place specified in the notices described in Section 1.02, this Board met to hear, consider and pass upon all protests made against the construction of the Improvements or the creation of the District, and it was determined that, insufficient protests against the construction of the Improvements or creation of the District had been filed in the time and manner provided by law and, therefore, this Board by Resolution No. 01-57, adopted July 10, 2001, created the District, determined the Improvements are of more than local and ordinary benefit and ordered the construction of the Improvements in accordance with the Resolution of Intention.

1.04. Construction Contract. The Improvements consist of a 3 inch overlay on 69th Street West and Yellowstone Place in Billings, MT. The improvements are designed to serve members of the general public within the County on an equal basis. Plans, specifications, maps, profiles and surveys for construction of the Improvements were prepared by the engineers acting for the County, and were examined and approved by this Board. The construction contract was awarded to H. L. Ostermiller Construction, Inc. in the amount of \$65,000.

1.05. Cost, Assessment. It is presently estimated that the cost and expense to be assessed against the District connected with and incidental to the formation of the District, including cost of preparation of plans, specifications, maps, profiles, engineering superintendence and inspection, costs of preparation of assessment rolls, expenses of making the assessments, the cost of work and materials under the construction contract, the District Cash Reserve Account, the contribution to the Revolving Fund (as hereinafter defined) and all other costs and expenses and underwriter's discount, will be \$82,000.00, which will be levied and assessed upon all property with the District on the basis described in the Resolution 01-57. The Board has jurisdiction and is required by law to levy and assess such amount, to collect such special assessments and credit the same to the District Fund (as hereinafter defined) for payment of interest when due on the Bonds herein authorized and for redemption of such Bonds in order of their registration whenever and as often as the balance in said District Fund, after payment of interest due, is sufficient for the purpose.

1.06. Sale of Rural Special Improvement District Bonds. This Board noticed, under Montana Code Annotated §7-7-4251 through 4252, the issuance and public sale of Rural Special Improvement District Bonds in the County in the aggregate principal amount not to exceed \$115,000.00 (the Bonds) for the purpose of financing the construction of the Improvements. After a public sale noticed and conducted in accordance with applicable statutory provision, the Bonds were sold to Royal C. Johnson Trust, at a purchase price of \$82,000.00. The Board hereby ratifies and confirms the award of the sale of the Bonds to the Purchaser, finding such award to be in the best interests of the County and the District.

1.07. Compliance with Constitution and Statutes. All acts, conditions and things required by the Constitution and laws of the State of Montana, including Montana Code Annotated, Title 7, Chapter 12, Part 21, as amended, in order to make the Bonds valid and binding special obligations in accordance with their terms and in accordance with the terms of this Resolution have been done, do exist, have happened and have been performed in regular and due form, time and manner as required.

Section 2. The Bonds.

2.01. Principal Amount, Maturities, Date, Denominations and Interest Rate. For the purpose of paying the costs and expenses incurred in the construction of the Improvements and in anticipation of the collection of special assessments to be levied therefor, and in accordance with the public offering and contract of sale described in Section 1.06, the County shall forthwith issue and deliver to the Purchaser its Rural Special Improvement District No. 679 Bonds in the aggregate principal amount of \$82,000.00, payable solely from the Rural Special Improvement District 679 Fund of the County (the District Fund). The Bonds shall bear an original issue date and be registered as of September 1, 2001 and shall be issued in the form of a fully registered bond of a single maturity of August 1, 2013 callable in \$1,000 increments, except for the first fraction of a \$1,000, which is the first maturity to be called. Bonds are required to be called if sufficient monies are present in the principal and interest account of the District Fund, applying payment of funds first to interest. Principal of and interest on the Bonds are payable in lawful money of the United States of America.

2.02 Method of Payment. The Bonds shall be issuable only in fully registered form, and the ownership of the Bonds shall be transferred only upon the bond register of the County hereinafter described. The interest on, and the principal amount of, each Bond or the amount payable with respect thereto, shall be payable by check or draft issued by the Registrar, upon presentation and surrender thereof at the principal office of the Registrar described herein.

2.03 Interest Payment Dates. Interest on the Bonds shall be payable on outstanding principal semi-annually on each February 1 and August 1, commencing February 1, 2002, to the owners of record thereof as such appear in the Bond register as of the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day. The initial interest payment will bear interest from the initial issue date.

2.04 Registration. The County hereby appoints the County Treasurer to act as Bond Registrar, transfer agent and paying agent (the Registrar). The County reserves the right to appoint a bank, trust company or fiscal company as successor bond registrar, transfer agent or paying agent, as authorized by the Model Public Obligations Registration Act of Montana (the Act), but the County agrees to pay the reasonable and customary charges of the Registrar for the services performed. This Section 2.04 shall establish a system of registration for the Bonds as defined by the Act.

The effect of registration and the rights and duties of the County and the Registrar with respect thereto shall be as follows:

(a) Bond Register. The Registrar shall keep at its principal office a bond register in which the Registrar shall provide for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged.

(b) Transfer. Upon surrender for transfer of any Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer if the Bond or principal installment thereof to be transferred has been called for redemption on the next succeeding interest payment date. No transfer or exchange of a Bond shall affect its order of registration for purposes of redemption pursuant to Section 2.05.

(c) Exchange of Bonds. Whenever any Bond is surrendered by the registered owner for exchange, the Registrar shall authenticate and deliver one or more new Bonds of a like aggregate principal amount and maturity, as requested by the registered owner or the owner's attorney duly authorized in writing.

(d) Cancellation. All Bonds surrendered upon any transfer or exchange shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the County.

(e) Improper or Unauthorized Transfer. When any Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such bond or separate instrument of transfer is valid and genuine and that requested transfer is legally authorized. The Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The County and the Registrar may treat the person in whose name any Bond is at any time registered in the Bond register as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. For every transfer of Bonds or exchange of Bonds (except for an exchange upon the partial redemption of any Bond pursuant to Section 2.05), the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax fee or other governmental charge required to be paid with respect to such transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Bonds. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Registrar shall deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Bond or in lieu of and in substitution for any such Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that such Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the County and the Registrar shall be named on obligees. All Bonds so surrendered to the Registrar shall be cancelled by it and evidence of such cancellation shall be given to the County. If the mutilated, destroyed, stolen or lost Bond has already matured or such Bond has been called for redemption in accordance with its terms, it shall not be necessary to issue a new Bond prior to payment.

2.05. Redemption. Whenever there is any balance in the District Fund after payment of the principal and interest due on all Bonds drawn against it, either from the prepayment of special assessments levied in the District or from the transfer of surplus monies from the Construction Account to the Principal Account as provided in Section 3.02 or otherwise, the County Treasurer shall call for redemption outstanding Bonds or principal installments thereof in the order of their registration in an amount which, together with the interest thereon to the date of redemption, will equal the amount of the District Fund on that date. The Bonds are subject to redemption at the option of the County from other sources of funds available therefor on any interest payment date; provided, however, that the Bonds shall not be called for redemption from the proceeds of refunding Rural Special Improvement District Bonds before August 1, 2008. Principal is callable on any interest payment date by the County Treasurer, who shall give notice, by first class mail, postage prepaid, to the owner or owners of such Bonds at their addresses appearing in the Bond register, of the amount of principal to be redeemed and the date on which payment will be made, which date shall be not less than ten days after the date of mailing notice. On the date so fixed, interest on the Bonds or principal installments thereof to be redeemed shall cease to occur.

2.06. Execution, Registration and Delivery of Bonds. The Bonds shall be prepared under the direction of the Finance Director and shall be executed on behalf of the County by the signatures of the Chairman of the Board of County Commissioners and the County Treasurer and sealed with the official seal of the County; provided that the seal and all signatures may be printed, engraved or lithographed facsimiles of the originals. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of any Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery. Notwithstanding such execution, no Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication and registration on such Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication and registration on different Bonds need not be signed by the same representative. The executed certificate of authentication and registration on each Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution. The Bonds shall be

registered in book entry form only by the County Treasurer as of September 1, 2001, and the Bonds shall be entered by the Registrar in the Purchaser's name upon payment of \$82,000, less any bid deposit, for the principal of the Bonds plus accrued interest from the registration date to the date of such delivery and payment. The Purchaser shall not be obligated to see to the application of the purchase price, but from the proceeds of the Bonds the Director of Finance shall deposit \$2,460.00 to the Revolving Fund and the remainder of the proceeds to the Rural Special Improvement District No. 679 Fund (the District Fund), to be used solely for the payment of the cost and expenses necessarily incurred in the construction of the Improvements, except that the accrued interest received shall be deposited in the Interest Account in the District Fund and applied in payment of interest on the Bonds when due.

2.07. Form of Bonds. If an actual Bond is requested by the Purchaser at a later date, the Bonds shall be prepared in substantially the form set forth in Montana Code Annotated, Section 7-12-2171, with such modifications as permitted by the Act, as more fully set forth in Exhibit A hereto and by this reference made a part hereof.

Section 3. Rural Special Improvement District No. 679 Fund.

3.01. District Fund. The District Fund is hereby created and designated as the "Rural Special Improvement District No. 679 Fund". The District Fund shall be maintained as the separate bookkeeping account by the Director of Finance on the books and records of the County. Within the District Fund there shall be maintained separate accounts, designated as the "Construction Account," the "Bond Account" and the "Interest Account", respectively.

3.02 Construction Account. There shall be credited to the Construction Account of the District Fund the proceeds of the sale of the Bonds, less any interest accrued thereon to the date of delivery to the Purchaser. All costs and expenses of constructing the Improvements to be paid from proceeds of the Bonds shall be paid from time to time as incurred and allowed from the Construction Account in accordance with the provisions of applicable law, and moneys in such Construction Account shall be used for no other purpose; provided that after all claims and expenses with respect to the Improvements have been fully paid and satisfied, any moneys remaining in the Construction Account shall be transferred to the Bond Account in the District Fund and applied to the redemption of Bonds.

3.03. Principal Account and Interest Account. Monies in the Bond Account and the Interest Account shall be used only for payment of the principal of and interest on the Bonds as such payments become due, or to prepay and redeem Bonds. Upon the collection of the installment of principal and interest due on November 30 and May 31 of each year on the special assessments to be levied in the District with respect to the Improvements, the Director of Finance shall credit to the Interest Account in the District Fund so much of said special assessments as is collected as interest payment, and credit the balance of such assessments to the Principal Account. Any installment of any special assessment paid prior to its due date with interest accrued thereon to the nearest bond call date shall be credited with respect to principal and interest payments in the same manner as other assessments are credited to the District Fund. All moneys in the Interest Account and the Principal Account shall be used first to pay interest due, and any remaining monies shall be

used to pay Bonds then due and, if monies are available, to redeem Bonds or principal installments thereof in accordance with Section 2.05; provided that any money transferred to the Principal Account from the Construction Account pursuant to Section 3.02 or any prepaid special assessments shall be applied to redeem Bonds or principal installments thereof to the extent possible on the next interest payment date for which notice of redemption may properly be given pursuant to Section 2.05. Redemption of Bonds from the Bond Account shall be in order of the principal installments they represent as provided in Section 2.05, and interest shall be paid from the Interest Account as accrued thereon to the date of redemption, in accordance with the provisions of Montana Code Annotated, Section 7-12-2174.

3.04. Loans from Revolving Fund The Board shall annually or more often if necessary issue an order authorizing a loan or advance from the Rural Special Improvement District Revolving Fund to the District Fund in an amount sufficient to make good any deficiency then existing in the Interest Account in the District Fund, and shall issue an order authorizing a loan or advance from the Revolving Fund to the District Fund in an amount sufficient to make good any deficiency then existing in the Bond Account of the District Fund, to the extent that monies are available in the Revolving Fund. The County has undertaken and agreed to provide funds for the Revolving Fund by levying such tax or making such loan from the General Fund as authorized by Montana Code Annotated, Section 7-12-2182. In the event that the balance on hand in the Revolving Fund fifteen days prior to any date when interest is due on Rural Special Improvement District Bonds of the County is not sufficient to make good all deficiencies then existing in the improvement district fund for which the County has promised to make loans from the Revolving Fund, the balance on hand in the Revolving Fund shall be allocated to the funds of the improvement districts in which such deficiencies then exist in proportion to the amounts of the deficiencies on the respective dates of receipt of such money, until all interest accrued on such Rural Special Improvement District bonds of the County has been paid. On any date when all accrued interest on Rural Special Improvement District Bonds of the County payable from funds for which the County has promised to make loans from the Revolving Fund has been paid, any balance remaining in the Revolving Fund shall be loaned or advanced to the improvement district fund for payment and redemption of bonds to the extent the improvement district fund is deficient for such purpose, in an amount proportionate to the amount of such deficiency.

Section 4. Covenants. The County covenants and agrees with the bondholders that, until all of the Bonds and interest thereon are fully paid:

4.01. Compliance with Resolution. The County will hold the District Fund and the Rural Special Improvement District Revolving Fund of the County (the Revolving Fund), as trust funds, separate and apart from all of its other funds, and the County, its officers and agents, will comply with all covenants and agreements contained in this Resolution. The covenants hereinabove made with respect to the District Fund and the Revolving Fund are in accordance with the undertaking and agreement of the County made in connection with the public offering of the Bonds and the sale of the Bonds and set forth in Section 1.06.

4.02. Construction of Improvement. The County will do all acts and things necessary to enforce the provisions of the construction contracts and bonds referred to in Section 1.04 and to ensure the completion of the improvements for the benefit of the Districts in accordance with the plans and specifications and within the time therein provided, and will pay all costs thereof promptly as incurred and allowed, out of the District Accounts and within the amount of the bond proceeds appropriate thereto.

4.03. Assessments. The County will do all acts and things necessary for the final and valid levy of special assessments upon all property within the boundaries of the District, in accordance with the Constitution and laws of the State of Montana and the Constitution of the United States, in an aggregate principal amount not less than \$82,000.00. Such special assessments shall be levied on the basis prescribed in the Resolution of Intention described above and, unless prepaid in full, shall be payable in equal semi-annual installments over a period of twelve years at an interest rate equal to the interest rate on the Bonds plus $\frac{1}{2}\%$ as required by MCA §7-12-2176(a). The assessments to be levied will be payable on the 30th day of November in each of the years 2001 through 2012, and on the 31st day of May in the years 2002 through 2013. The first partial payment of each such assessment shall include interest on the entire assessment from original issue date, to February 1, 2002, the date of the first interest payment due thereon, and each subsequent partial payment shall include interest for six months on the unpaid balance of such special assessment. All installments of special assessments not paid in full on or before the date due shall become delinquent on that date. The assessments shall constitute a lien upon and against the property against which they are made and levied, which lien may be extinguished only by payment of the assessment with all penalties, cost and interest as provided in Montana Code Annotated, Section 7-12-2168. A tax deed conveys absolute title to the property described therein as of the date of the expiration of the redemption period, free and clear of all liens and encumbrances, except among other things, a lien of any special, rural, local improvement, irrigation or drainage assessment levied against the property. Section 15-18-214, MCA.

4.04. Reassessment. If at any time and for whatever reason, any special assessment or tax herein agreed to be levied is held invalid the County and this Board, its officers and employees, will take all steps necessary to correct the same and to re-assess and re-levy the same, including the ordering of work, with the same force and effect as if made at the time provided by law, ordinance or Resolution relating thereto, and will re-assess and re-levy the same with the same force and effect as an original levy thereof, as authorized in Montana Code Annotated, Section 7-12-2166. Any special assessment, or re-assessment or re-levy shall, so far as practicable, be levied and collected as it would have been if the first levy had been enforced including the levy and collection of any interest accrued on the first levy.

4.05. Litigation. There is now no litigation pending questioning the validity or regularity of the creation of the District, any contract for construction of the Improvements, the levy and collection of special assessments as described herein or the undertaking and agreement of the County to make up any deficiency in the collection of special assessments through the levy of taxes and the making of advances from the Revolving Fund, or the right and powers of the County to issue the Bonds, or in any manner questioning the existence of any condition precedent to the exercise of the County's powers in these matters. If any such litigation should be initiated, the County will forthwith notify in writing the Purchaser, and will furnish the Purchaser a copy of all documents, including pleadings, in connection with such litigation.

Section 5. Arbitrage.

5.01. Covenant. The County covenants and agrees with the bondholders that it will not take or permit to be taken by any of its officers, employees or agents any action that would cause the interest on the Bonds to become subject to taxation under the provisions of the Internal Revenue Code of 1986, as amended (the Code), and the Treasury Regulations promulgated thereunder in effect at the time of such action and covenants and agrees that it will take or cause its officers, employees or agents to take any action within its or their powers to prevent the interest on the Bonds from becoming subject to taxation under the Code and applicable Treasury Regulations.

5.02. Arbitrage Rebate. In furtherance of its covenant in Section 5.01, the County covenants and agrees that it will not use the proceeds of the Bonds in such a manner as to cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and applicable Treasury Regulations; to this end, the County shall:

(a) maintain records identifying all "gross proceeds" attributable to the Bonds, the yield at which such gross proceeds are invested, and any arbitrage profit, derived therefrom (earnings in excess of the yield of the Bonds) and any earnings derived from the investment of such arbitrage profit;

(b) make, or cause to be made, as of December 31 of each year, the annual determinations of the amount, if any, of excess arbitrage required to be paid to the United States;

(c) pay, or cause to be paid, to the United States at least once every five years the amount, if any, which is required to be paid to the United States, pursuant to Section 148(f) of the Code, including the last installment which shall be paid no later than 60 days after the day on which the Bonds are paid in full;

(d) not invest, or permit to be invested, "gross proceeds" in any acquired nonpurpose obligations so as to deflect arbitrage otherwise payable to the United States as a "prohibited payment" to a third party; and

(e) retain all records of the annual determination of the foregoing amounts until six years after the Bonds have been fully paid.

Section 6. Defeasance.

6.01. General. When the liability of the County on all Bonds issued under and secured by this Resolution has been discharged as provided in this Section 7, all pledges, covenants and other rights granted by this Resolution to the owners of the Bonds shall cease.

6.02. Payment. The County may discharge its liability with reference to any Bond, principal installment thereof or installment of interest thereon, which is due on any date by depositing with the Registrar on or before that date a sum sufficient and providing proceeds available for the payment thereof in full; or if any Bond or installment of interest thereon shall not be paid when due, the County may nevertheless discharge its liability with reference thereto by depositing with the Registrar a sum sufficient and providing proceeds available for the payment thereof in full with interest accrued to the date of such deposit.

6.03. Defeasance by Escrow. The County may also at any time discharge its liability in its entirety with reference to the Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by calling all prepayable Bonds for redemption on their next call date when they may be prepaid in accordance with their terms, by giving the notice required for such redemption, and by depositing irrevocably in escrow, with a bank qualified by law as an escrow agent for this purpose, cash or securities which are authorized by law to be so deposited, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without reinvestment, to provide funds sufficient to pay all principal and interest to become due on all Bonds on or before maturity, or, if any Bond has been duly called for redemption, on or before the designated redemption date.

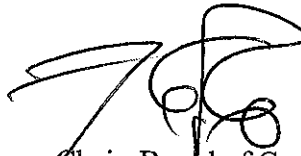
Section 7. Repeals and Effective Date.

7.01. Repeal. All provisions of other Resolutions and other actions and proceedings of the County and this Board that are in any way inconsistent with the terms and provisions of this Resolution are repealed, amended and rescinded to the full extent necessary to give full force and effect to the provisions of this Resolution.

7.02. Effective Date. This Resolution shall take effect immediately upon its passage and adoption by this Board.

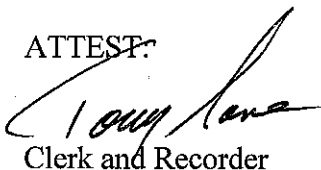
PASSED by the Board of County Commissioners of Yellowstone County, Montana, this twenty-fourth day of August, 2001.

(SEAL)



Chair, Board of County Commissioners

ATTEST:



Clerk and Recorder

The motion for the adoption of the foregoing Resolution was duly seconded by Commissioner Ziegler, and upon vote being taken thereon, the following voted in favor ^{thereof:} Commissioners Reno, Kennedy, Ziegler; and the following voted against the same:

whereupon the Resolution was declared and duly passed and adopted, and was signed by the Chair which signature was attested by the Clerk and Recorder.

ATTACHMENT A
RESOLUTION NO. 01-~~67~~
UNITED STATES OF AMERICA
STATE OF MONTANA
YELLOWSTONE COUNTY
YELLOWSTONE COUNTY
RURAL SPECIAL IMPROVEMENT DISTRICT NO. 679 BOND

Interest at the rate per annum specified below
Payable on February 1, 2002, and semi-annually
thereafter on the 1st day of February
and the 1st day of August in each year.
Issued by Yellowstone County, Montana

Representing			Date of	
Principal	Interest		Original	
<u>Installment Nos.</u>	<u>Rate</u>	<u>Maturity</u>	<u>Issue</u>	<u>Amount</u>
ALL	5.70%	08/01/2013	09/01/01	\$82,000.00

REGISTERED OWNER:

Royal C. Johnson, TTEE
Royal C. Johnson Trust
2915 Illinois
Billings, Montana 59102

PRINCIPAL AMOUNT:

The County Treasurer of Yellowstone County, Montana, will pay to the registered owner specified above or registered assigns, the principal amount specified above on the maturity date specified above, as authorized by Resolution 01-~~67~~, adopted on August 24, 2001 (the Bond Resolution), all subject to the provisions hereinafter described relating to the redemption of this Bond before maturity.

This Bond bears interest at the rate per annum specified above from the date of registration of this Bond, as expressed herein, or from the most recent date to which interest has been paid or duly provided for, until the maturity date specified above or an earlier date on which this Bond shall have been duly called for

redemption by the County Treasurer. Interest on this Bond is payable semi-annually, commencing February 1, 2002, on the first day of February and the first day of August in each year, to the owner of this Bond as such appears of record in the bond register as of the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month. Upon presentation and surrender of the Bond at the principal office of the bond registrar and paying agent hereinafter named, the principal of, and interest due on, this Bond are payable by check or draft of the Yellowstone County Treasurer, as bond registrar and paying agent, or his successor designated under the Bond Resolution (the Registrar). The principal of and interest on this Bond are payable in lawful money of the United States of America.

Additional provisions of this Bond are contained on the reverse hereof and such provisions shall for all purposes have the same effect as though fully set forth hereon.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication and Registration hereon shall have been executed by the Registrar by the manual signature of one of its authorized representatives.

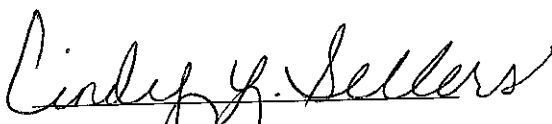
IN WITNESS WHEREOF, Yellowstone County, Montana, by its Board of County Commissioners has caused this Bond to be executed by the facsimile signatures of the Chair and the Clerk and Recorder and by a facsimile of the official seal of the County.

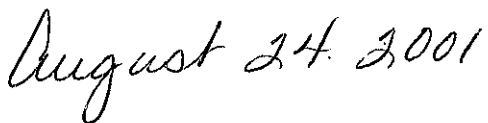
CERTIFICATE OF AUTHENTICATION AND REGISTRATION

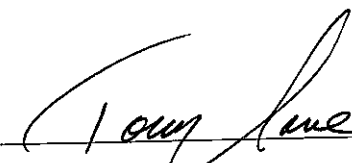
This is one of the Bonds delivered pursuant to the Bond Resolution mentioned herein and this Bond has been registered as required by law on the books of the County as of August 24, 2001.

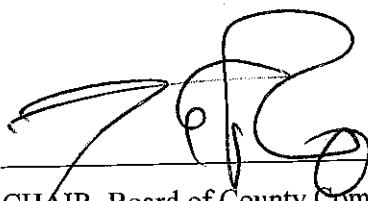
YELLOWSTONE COUNTY TREASURER

as Registrar

BY: 
Yellowstone County Treasurer

Dated: 


CLERK AND RECORDER


CHAIR, Board of County Commissioners

This Bond is one of an issue in the aggregate principal amount of \$82,000.00 (the Bonds), all of like date of original issue and tenor, except as to serial number, denomination, date, interest rate and maturity date. The Bonds are issued pursuant to and in full conformity with the Constitution and Laws of the State of Montana, thereunto enabling, including Montana Code Annotated, Title 7, Chapter 12, Parts 21, as amended for the purpose of installing street improvements for Montana Meadows Subdivision, and for engineering, construction and installation of certain improvements within and providing administrative services for the District within Rural Special Improvement District No.679. This Bond represents one or more principal installments of the Bonds numbered as set forth on the face hereof.

This Bond is payable from the collection of a special tax or assessment levied upon all property within the boundaries of Rural Special Improvement District No.679. Such assessments constitute a lien against the real estate within said Rural Special Improvement District and this Bond is not a general obligation of the County.

The principal installments represented by this Bond are subject to mandatory redemption in order of registration on any interest payment date if, after paying all principal and interest then due on the Bonds, there are funds to the credit of the Rural Special Improvement District No.679 fund, from surplus funds not required to pay costs of the improvements to be undertaken in or for the benefit of the District or from the prepayment of special assessments to be levied in the District, for the redemption thereof, and in the manner provided for the redemption of the same. The Bonds are subject to redemption at the option of the County from other sources of funds available therefor on any interest payment date; provided, however, that the Bonds shall not be called for redemption from the proceeds of refunding rural special improvement district bonds before August 1, 2008. The redemption price is equal to the amount of the principal installment or installments of the Bonds to be redeemed plus interest accrued thereon to the date of redemption. The date of redemption shall be fixed by the County Treasurer, who shall give notice by mail to the owners of such Bonds at their addresses shown on the bond register, of the amount of the principal and Bonds to be redeemed and the date on which payment will be made, which date shall not be less than ten days after the date of mailing of notice, on which date so fixed interest shall cease. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal installments outstanding. Bonds are called in \$1,000.00 increments.

RESOLUTION NO. 01-53**RESOLUTION OF INTENTION TO CREATE A RURAL SPECIAL
IMPROVEMENT DISTRICT KNOWN AS R.S.I.D.#679 AND MAINTENANCE
DISTRICT KNOWN AS R.S.I.D.#679M - 69th Street**

WHEREAS, the Board of County Commissioners of Yellowstone County ("Commissioners") met in regular session this day to consider the formation of a Rural Special Improvement District and Maintenance District for properties utilizing Sixty-ninth Street and Yellowstone Place for access for the purpose of paving and maintaining those streets, as shown on Exhibit A; and,

WHEREAS, the Commissioners find, determine and declare:

1. That the public interest or convenience requires the creation of a Rural Special Improvement District and Maintenance District as hereinafter described;
2. That the costs of the improvements and providing maintenance and repair shall be borne by owners of the property included within the boundaries of the Rural Special Improvement District with all lots being assessed an equal amount based upon the total cost of the improvements;
3. That the purpose of forming the District is to provide not only for the necessary repairs and improvements, but to ensure for the future operation, maintenance and preservation of the roadway so improved;
4. That the Commissioners have been presented with a valid Petition signed by more than 60% of the freeholders of the proposed district to create the proposed District;
5. RSID 666M was previously created for maintenance of 69th Street West and will not be necessary if RSID 679M is created;
6. That the Commissioners have the authority to sign the Resolution of Intention to create the proposed Rural Special Improvement District No.679/679M.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Yellowstone County as follows:

1. It is the intention of the Commissioners to create a Rural Special Improvement District for the purpose of improving the roadway system and to create a Special Maintenance District to provide for the annual maintenance, operation and preservation of the repaired and improved roadway system. These improvements and costs are more particularly described in Exhibit D attached hereto and incorporated herein.

2. The projected annual assessments per property are described and designated on Exhibit C attached hereto and incorporated herein. The boundaries of the District are shown on the map in Exhibit A attached hereto and incorporated herein. The boundaries are more particularly described in Exhibit B attached hereto and incorporated herein.

3. The number of the Rural Special Improvement District shall be **No. 679** and the number of the Maintenance District shall be **No. 679M**. RSID 666M will be dissolved and all assets and liabilities of RSID 666M will be transferred to RSID 679M.

4. The estimated costs of the repairs and improvements, including construction costs, incidental expenses, engineering fees, legal fees, administrative costs, exclusive of interest charges, that will be assessed against the properties shall be the sum of \$115,000.00, as more particularly described in Exhibits C and D and spread over a period of twelve years.

5. All lots and tracts accessing their property from the improved streets will benefit from proposed R.S.I.D. and shall be assessed for the improvements and subsequent road maintenance. All lots will be assessed an equal amount based upon the total cost of the improvements. Assessments are to be made on property tax statements beginning in November, 2001 or in November, 2002 if the assessment deadline for the 2001 tax statement is missed. The first year's assessment may include more than one year's interest and subsequently the first year's payment may be higher than the second thru twelfth year's assessments. Property owners will have an opportunity to pay off their original principal assessment without interest at the time of original assessment. The estimated original assessment per lot is \$3,965.52. If the original assessment is financed over a twelve year period at a 7.25% estimated interest rate, the annual cost is estimated at \$505.94 for each full assessment on a district property.

6. Prior to authorizing the use of the County's revolving fund to secure the payment of rural special improvement district bonds that will be issued to fund the cost of constructing and upgrading the improvements in the District, the Commissioners shall take into consideration the factors enumerated in 7-12-2185(3), M.C.A. The factors that the Commissioners shall take into consideration when determining whether it is in the public interest to secure the payment of rural special improvement district bonds with the County's revolving fund are compiled in Exhibit C.

7. The Commissioners desire that an Ad Hoc Committee be appointed to make recommendations to the Commissioners with regard to the need for assessments to be made for the maintenance and the amount of the assessments, and how the assessments should be spent. The Commissioners ask that the Petitioners submit a list of some individuals who are willing to serve on the Ad Hoc Committee.

8. On Friday, July 6, 2001, in the Commissioners' Board Room 403A, fourth floor, Yellowstone County Courthouse, Billings, Montana, at the hour of 10:00 a.m., the Board of County Commissioners intends to create the Rural Special Improvement District and related Maintenance District, and will hear, discuss, review, and act upon all written protests against the creation of the District and Maintenance District, which protests have been received by the Clerk and Recorder not later than 5:00 p.m. July 5, 2001 by any persons or other entity who are owners of any lots within the District.

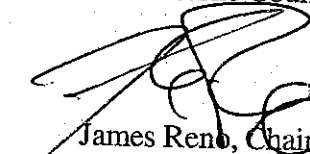
9. The County Clerk and Recorder is authorized and directed to publish a copy of the Notice of Passage of the Resolution of Intention to Create, in the Billings Gazette, a newspaper of general circulation printed and published in the City of Billings, Yellowstone County, Montana, on June 22 & 29, 2001; to post a copy of the Notice in three public places within the boundaries of the District; and to mail a copy of the Notice to every person or persons who are owners or agents of every person, firm or corporation owning property in the proposed District, listed in his name upon the last completed assessment roll, at his last known place of residence on the same day the Notice is first published.

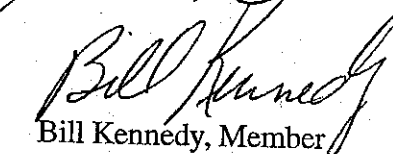
10. The engineering services will be provided by Yellowstone County Public Works Department and the Yellowstone County Attorney's Office shall be the attorneys for the district for purposes of creation of the district.

Passed and adopted by the Board of County Commissioners of Yellowstone County this 6th day of July, 2001.

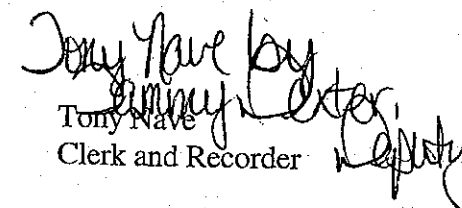
Board of County Commissioners
Yellowstone County, Montana

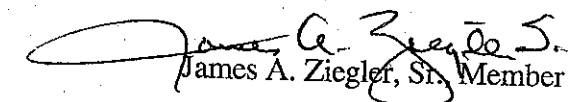
(SEAL)


James Reno, Chair


Bill Kennedy, Member

ATTEST:


Tony Nave
Clerk and Recorder


James A. Ziegler, Sr. Member

RESOLUTION CREATING RSID 679/679M
EXHIBIT B
LEGAL DESCRIPTIONS

TRACTS 4,5,7,8,12,13, 14, 15, 16, 17, 18, 19 Cert. of Survey 1390

TRACTS 2B, 6A, 6B, 9B, 9C, 9D, 9E, 10A, 11A, 11B, 20A, 20 C Cert. of Survey 1390 Amended

BLOCK 1, LOTS 1, 2, 3, 4, 5 Pine Bluffs Subdivision

EXHIBIT C: RESOLUTION CREATING BSJD 679. BOARD OVERLAY

						(A)	(B)	(C)	(D)	(E)=(C)x 3965.52	(F)=(E) x (A)	(G)=(B)-(D)-(E)	(H)=(B)-(D)-(E)
							5/26/00 Market Valuation	Units of Assess.	Defing. Taxes as of 6/08/01	Estimated Assessment on RSID 679	Assessments on Improved Properties	Positive Net Values	Negative Net Values
TAX CODE	OWNER(S) NAME(S)	LOT/TR	Block	SUBDIVISION	Improved (1) or Vacant (0)								
1	Ward, Rick A. & Robin L.	TRB		Cert. Of Surv. 1390	1		76,349	1		\$ 3,965.52	\$ 3,965.52	\$ 68,418	
2	Hennak, Bernard H. & Mary T.	TR8		Cert. Of Surv. 1390	1		101,919	1		\$ 3,965.52	\$ 3,965.52	\$ 93,988	
3	Seley, L. Sanford & Constance Joy	TRA		Cert. Of Surv. 1390	1		99,724	1	\$ 853.96	\$ 3,965.52	\$ 3,965.52	\$ 90,939	
4	Schneider, David M. & Natalie M.	TR6A		Cert. Of Surv. 1390	1		38,245	1		\$ 3,965.52	\$ 3,965.52	\$ 30,317	
5	Beyers, James A. & Bonnie L.	TR6A		Cert. Of Surv. 1390	1		62,051	1		\$ 3,965.52	\$ 3,965.52	\$ 54,120	
6	Landstrud, Eric T. & Kaita W.	TR6B		Cert. Of Surv. 1390	1		78,879	1		\$ 3,965.52	\$ 3,965.52	\$ 70,948	
7	Kober, Carla M.	TR7		Cert. Of Surv. 1390	1		27,116	1		\$ 3,965.52	\$ 3,965.52	\$ 19,185	
8	Metzger, Eugene A. & Carol A.	TR8		Cert. Of Surv. 1390	0		24,519	1		\$ 3,965.52	\$ 3,965.52		
9	Wrocl, William R.	TR8B		Cert. Of Surv. 1390	1		60,807	1		\$ 3,965.52	\$ 3,965.52	\$ 52,876	
10	Lorash, Robert C. & Bonnie	TR9C		Cert. Of Surv. 1390	1		88,074	1		\$ 3,965.52	\$ 3,965.52	\$ 80,143	
11	Lorash, Robert C. & Bonnie	TR9D		Cert. Of Surv. 1390	1		20,282	1		\$ 3,965.52	\$ 3,965.52	\$ 12,351	
12	Moore, Michael & Gina	TR9E		Cert. Of Surv. 1390	1		84,729	1	\$ 1,520.56	\$ 3,965.52	\$ 3,965.52	\$ 75,277	
13	Hamilton, Luke P. & Jolene L.	TR10A		Cert. Of Surv. 1390	1		65,993	1		\$ 3,965.52	\$ 3,965.52	\$ 58,062	
14	Sayre, Randy J. & Sipes, Donna	TR10B		Cert. Of Surv. 1390	1		79,086	1		\$ 3,965.52	\$ 3,965.52	\$ 71,155	
15	Dutton, Ernest & Leanne Ronald & Julia	TR11A		Cert. Of Surv. 1390	1		10,629	1		\$ 3,965.52	\$ 3,965.52	\$ 2,698	
16	Neil & Vivian Schaeffelpf Living Trust	TR11B		Cert. Of Surv. 1390	0		20,466	1		\$ 3,965.52	\$ 3,965.52	\$ 16,500	
17	Meed, Randy & Barbara	TR12		Cert. Of Surv. 1390	1		53,343	1	\$ 921.17	\$ 3,965.52	\$ 3,965.52	\$ 44,991	
18	McCarthy, Daniel R. & Dawn R.	TR14		Cert. Of Surv. 1390	1		100,906	1		\$ 3,965.52	\$ 3,965.52	\$ 92,975	
19	Tombs, Jeffrey W. & Jana L.	TR16		Cert. Of Surv. 1390	1		103,912	1	\$ 900.49	\$ 3,965.52	\$ 3,965.52	\$ 95,080	
20	Williams, Michael G. & Bonnie R.	TR17		Cert. Of Surv. 1390	1		91,034	1		\$ 3,965.52	\$ 3,965.52	\$ 83,103	
21	Orser, James B.	TR18		Cert. Of Surv. 1390	1		30,366	1		\$ 3,965.52	\$ 3,965.52	\$ 22,435	
22	Gustafson, Theresa M. & Robert A.	TR19		Cert. Of Surv. 1390	1		90,800	1	\$ 1,614.14	\$ 3,965.52	\$ 3,965.52	\$ 81,255	
23	Carneson, Donald M. & Nancy	TR20A		Cert. Of Surv. 1390	0		14,532	1		\$ 3,965.52	\$ 3,965.52	\$ 10,566	
24	Ward, David C. & Janet R.	TR20C		Cert. Of Surv. 1390	1		63,031	1		\$ 3,965.52	\$ 3,965.52	\$ 55,100	
25	Pleard, Shay C. & Tylan D.	1		1 Pine Bluff (2)	0		11,328	1		\$ 3,965.52	\$ 3,965.52	\$ 7,362	
26	Pleard, Shay C. & Tylan D.	2		1 Pine Bluff (2)	0		18,483	1		\$ 3,965.52	\$ 3,965.52	\$ 14,517	
27	Pleard, Shay C. & Tylan D.	3		1 Pine Bluff (2)	0		48,481	1		\$ 3,965.52	\$ 3,965.52	\$ 44,515	
28	Pleard, Shay C. & Tylan D.	4		1 Pine Bluff (2)	1		126,300	1		\$ 3,965.52	\$ 3,965.52	\$ 118,369	
29	Pleard, Shay C. & Tylan D.	5		1 Pine Bluff (2)	0		22,402	1		\$ 3,965.52	\$ 3,965.52	\$ 18,436	
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RESOLUTION OF INTENT TO CREATE RSID 679 - EXHIBIT D

69TH ST. W. & YELLOWSTONE PLACE
ESTIMATED COST OF STREET OVERLAY
AS OF JUNE 19, 2001

	3" thick mat
	<u>BUDGET</u>
Construction cost - 69th St. W. (JTL 8/10/00 estimate)	73,260.00
Construction cost - Yellowstone Place (estimated)	11,565.00
Construction contingency - 15% (inflation, tonnage)	12,760.00

TOTAL CONSTRUCTION COSTS	97,585.00
 <u>OTHER COSTS:</u>	
Advertising / mailing /misc	250.00
Testing	1,200.00
Title reports	1,015.00

SUBTOTAL	100,050.00
 <u>DEBT ISSUANCE COSTS w/ PRIVATE SALE:</u>	
County RSID Revolving Fund Collateralization - 5% of debt issue	5,750.00
County Administration - 5% of debt issue	5,750.00
RSID Debt Reserve - 3% of debt issue for 70-80% developed	3,450.00

TOTAL ESTIMATED DEBT REQUIREMENT	\$ 115,000.00
	=====
 Number of parcels in district boundary	29.00
 Cost per parcel - assessed on equal basis	\$ 3,965.52
 Est. annual cost @ 7.0% over 10 years	\$ 564.60
Est. annual cost @ 7.25% over 12 years	\$ 505.94
Est. annual cost @ 7.5% over 15 years	\$ 449.24

EXHIBIT A: RESOLUTION CREATING RS10 679

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ROAD CODE
BUS TURN ARROW



